



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jennifer A. Maguire

**SUBJECT: IMPLEMENTATION OF THE
MODIFIED APARTMENT
RENT ORDINANCE**

DATE: May 27, 2016

Approved

Date

5/27/16

RECOMMENDATION

Approve the following amendments to the 2016-2017 Proposed Budget:

1. Add 2.0 positions (1.0 Housing Policy and Planning Administrator, 1.0 Analyst I/II) to the Rental Rights and Referrals Program in the Housing Department;
2. Increase the Housing Department Personal Services budget in the Multi-Source Housing Fund in the amount of \$176,956;
3. Increase the Housing Department Non-Personal/Equipment budget in the Multi-Source Housing Fund in the amount of \$100,000;
4. Increase the Overhead budget by \$30,000 in the Multi-Source Housing Fund;
5. Increase the Earned Revenue estimate by \$306,956 in the Multi-Source Housing Fund;
6. Increase the estimate for Transfers and Reimbursements by \$30,000 in the General Fund;
7. Increase the Essential Services Earmarked Reserve in the General Fund by \$30,000; and
8. Amend the 2016-2017 Proposed Fees and Charges Ordinance, scheduled to take effect on July 1, 2016, to increase the annual Rental Rights and Referrals Program (RRRP) fee for apartments subject to the Rent Ordinance by \$6.79, from \$12.50 to \$19.29 per unit annually.

BACKGROUND

On April 19, 2016 City Council considered changes to the City's Apartment Rent Ordinance. After discussion and public comment, City Council approved several modification to the ARO, including lowering the allowable rent increase from 8% to 5%, eliminating the debt-service pass-through provision, implementing a rent registry, providing enforcement and creating an Anti-Retaliation & Protection Ordinance. On May 10, 2016 City Council directed staff to develop an Ellis Act ordinance, to review and potentially modify the City's demolition and condominium provisions in the Municipal Code to include provisions for ARO apartments. Staff was also directed to prepare a staffing plan and a fee structure to sufficiently administer, monitor, and enforce the newly adopted requirements for consideration by City Council.

ANALYSIS

City Council has directed staff to develop and implement modifications in the Rental Rights and Referral Program (RRRP) by the end of the year. Existing staff will begin the work approved by City Council immediately. The current RRRP staff consists of a Senior Development Officer, one Analyst, and a staff support position. This staffing level is sufficient to administer the existing Program. However, in order to successfully develop and implement both the Modified Program in an acceptable timeframe, additional resources are required. The Housing Department recommends addition of 1.0 Housing Policy & Planning Administrator (HPPA) position and an Analyst I/II to be devoted full time to the development and implementation of the new Program.

The HPPA will manage the development and implementation of the new Apartment Rent Ordinance and Anti-Retaliation & Protection Ordinance. This management position will assist Department management with development of an ongoing staffing plan to administer and enforce the newly adopted requirements. Once the entire Program staffing has been identified and approved by City Council, the HPPA will be responsible for hiring and training the staff. While the Housing Department has not determined the ultimate long-term RRRP staffing needs, it has determined that the HPPA is the appropriate classification to implement and manage the program on an ongoing basis.

The Analyst I/II position will assist the HPPA in the efforts to establish the program. At the direction of the HPPA, the new Analyst will work with the existing Senior Development Officer to: 1) help develop procedures and forms associated with the new program; 2) design the rent registry format and begin population of the data; 3) coordinate educational materials and outreach events, and 4) assist with preliminary efforts to enforce the Ordinance. The addition of the new analyst will allow the existing analyst to retain the lead role in responding to tenant and owner questions regarding rent increases, potential purchases of ARO apartments and debt-service pass-throughs. It is anticipated that a new staffing model will be brought forward for City Council consideration by the end of the calendar year.

Staff also recommends adding \$100,000 in one-time contractual services funding for legal and subject matter expert consultants to assist with the development and implementation of the modified Apartment Rent Ordinance and the new Anti-Retaliation & Protection Ordinance.

COST SUMMARY IMPLICATIONS

The Rental Rights and Referrals Program has been designated as a 100% cost recovery fee program by City Council. The Proposed 2016-2017 Fees and Charges includes the proposed fees to be charged to owners of apartments subject to the ARO at \$12.50 per unit. These recommendations, if approved, will cost \$306,956. Staff is proposing that the proposed fee be increased by \$6.79 per unit per year from \$12.50 to \$9.29 in order to fund the additional costs identified in this memorandum.

HONORABLE MAYOR AND CITY COUNCIL

May 27, 2016

Subject: Implementation of the Modified Apartment Rent Ordinance

Page 3

<i>Description</i>	<i>FY 16-17</i>	<i>\$ Per Unit*</i>	<i>Ongoing</i>
Analyst II	\$76,513	\$1.69	\$101,190
Housing Policy & Planning Administrator	\$100,443	\$2.23	\$131,066
Overhead	\$30,000	\$0.66	\$40,420
Contractual Services	\$100,000	\$2.21	\$0
	\$306,956	\$6.79	\$272,676

/s/

JACKY MORALES-FERRAND
Director of Housing

JENNIFER A. MAGUIRE
Senior Deputy City Manager/
Budget Director

For questions, please contact Dave Bopf, Interim Assistant Director, at (408) 535-3854.